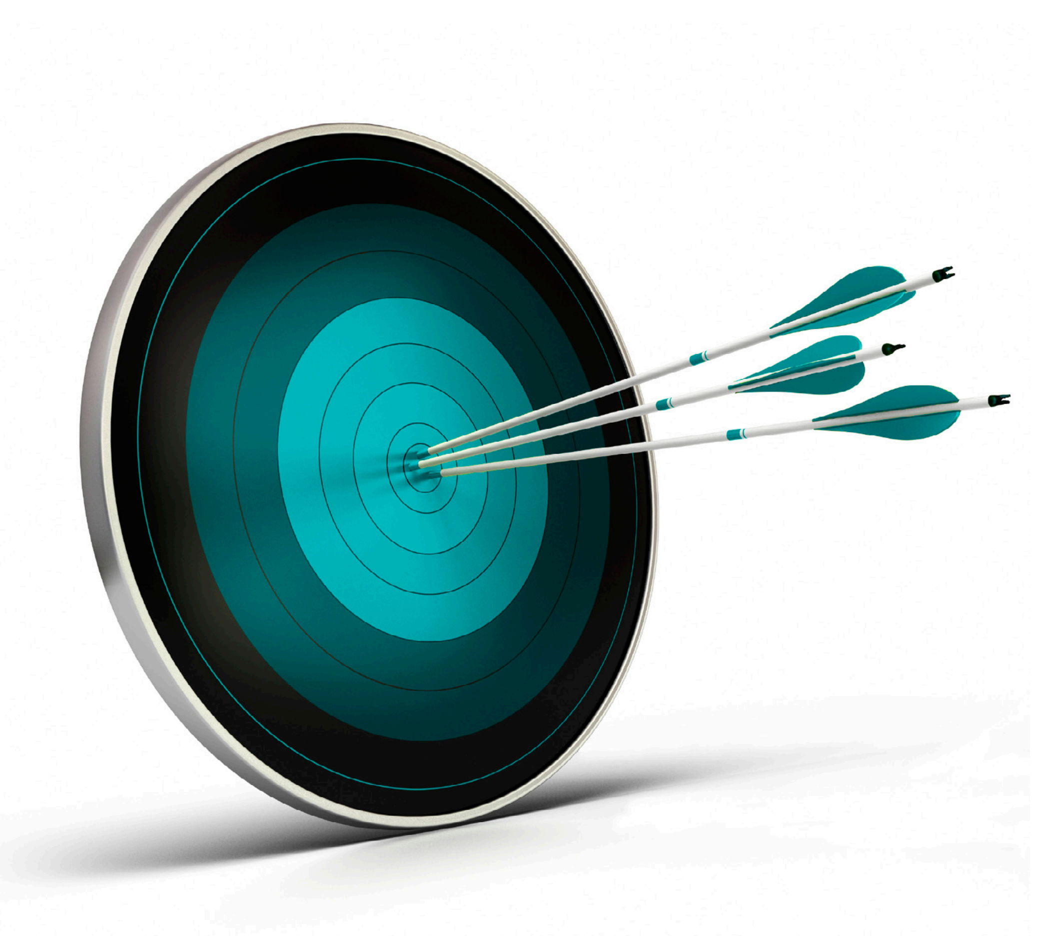
Q1 2012 APRIL 2012

The Preqin Quarterly Private Equity

Insight on the quarter from the leading provider of alternative assets data



Content Includes....

Co-Investments: Investor Appetite

A growing number of investors are setting aside capital for PE co-investments; we surveyed LPs to gauge sentiment on this area.

PrEQIn Private Equity Quarterly Index

Using the PrEQIn Index, the first ever PE index covering the entire industry, we look at how PE performance compares to other asset classes.

Sovereign Wealth Funds

Sovereign wealth funds represent an important source of capital for GPs; we examine the latest trends and their activity in private equity.

Latest Fundraising Figures

Fundraising activity remained relatively steady compared to previous quarters; we take a look at the latest developments in more detail.

preqin

alternative assets. intelligent data.

Contents

Editor:
Helen Kenyon

Production Editor:
Tim Short

Sub-Editor:
Sam Meakin

Contributors:
Gary Broughton
Manuel Carvalho
Emma Dineen
Laura Duce
Jessica Duong
Jessica Hull
Nicholas Jelfs
Alex Jones
Louise Maddy
Jonathan Parker
Cindy Smith
Kevin Smith
Anna Strumillo
Louise Weller
Claire Wilson

Preqin:
New York: +1 212 350 0100
London: +44 (0)20 7645 8888
Singapore: +65 6407 1011

Email: info@preqin.com
Web: www.preqin.com

alternative assets. intelligent data.

Editor's Note

Welcome to the latest edition of the Preqin Private Equity Quarterly, a review of the private equity industry over the past quarter looking at current trends in fundraising, buyout deal flow, investor appetite for the asset class and fund performance.

So far in 2012, the level of fundraising for new private equity funds seems relatively consistent with that seen in the second half of 2011: in Q1 2012, $61.8bn was raised by the 123 funds to reach a final close, compared to $55.4bn in Q3 2011 and $72.8bn in Q4 2011. Though it seems likely that the pace of fundraising will not see a significant increase in the next quarter, our recent conversations with investors have shown that they continue to see private equity as forming a key part of their overall investment strategies. Eighty-eight percent of investors polled in December 2011 plan to increase or maintain their exposure to the asset class over the longer term.

Our article on page 4 shows why investors continue to allocate to private equity. The first quarter saw the launch of the PrEQIn Index, the first private equity quarterly index to cover the whole industry, facilitating the comparison of private equity returns with returns from other asset classes. We can see that the PrEQIn All Private Equity Index has consistently outperformed the S&P 500 since 31st December 2001, making exposure to the asset class attractive to investors seeking higher portfolio returns. More information on the new Index can be found on page 4 and you can register to gain free access to both the Index and our private equity benchmarks service by visiting www.preqin.com/index.

In this edition we also explore how the limited partner universe is changing. New regulations, including Solvency II, Basel III and the Volcker Rule, have seen tighter restrictions placed on the investments made by some of the more traditional backers of private equity funds, like insurance companies and banks, limiting their future exposure to the asset class. At the same time, we've seen some of the restrictions placed on the private equity investments of institutional investors located in emerging markets relaxed. The changing make-up of the investor base of the asset class is investigated on pages 8 to 9. We also look at the growing importance of sovereign wealth funds as a source of capital to private equity funds on page 7.

The way institutional investors are accessing the asset class is also changing somewhat. A couple of years ago, we saw growing numbers of LPs consider purchasing stakes in private equity funds on the secondary market. Now, investors are showing increasing interest in the potential benefits of adding an allocation to co-investments to their portfolios. On pages 5 and 6, we look at the reasons behind this trend and what LPs are looking for in terms of co-investments by referring to a survey we recently conducted of over 100 institutions with an appetite for co-investments.

Behind each of the data points you see in the Preqin Quarterly exists a wealth of information on our industry-leading online products and publications, with extensive profiles for firms, funds, investors, consultants, law firms, placement agents and more. Our approach to being the most accurate source of intelligence is simple: we maintain offices around the world filled with dedicated analysts directly contacting industry professionals on a regular basis, over 8,000 of whom are Preqin subscribers.

We hope that you find this report to be interesting and informative, and as ever we welcome any feedback that you may have. If you would like more information on any of our products and services, please feel free to contact us at our New York, London or Singapore offices.

Helen Kenyon, Editor

PrEQIn Private Equity Quarterly Index

While examining IRRs and multiples can be extremely useful, a different metric is needed by investors seeking to compare their private equity portfolios with their overall investment portfolios, as well as directly with their investments in other asset classes. The PrEQIn Index is a money-weighted index that uses fund-level cash flow transactions and net asset values for over 3,900 private equity funds collectively worth more than $2.7tn. These returns are then combined to form an index rebased to 100 as of 31st December 2000. For access to the Index, please visit www.preqin.com/index.

Private Equity vs. S&P 500

The PrEQIn Index shows that all private equity strategies, with the exception of venture capital, have outperformed Standard and Poor's free-float capitalization-weighted index of 500 US-based large cap stocks (S&P 500) since 31st December 2001, as shown in Fig. 1. Indeed, the PrEQIn All Private Equity Index, which takes into account the performance of each of the various fund types, has remained above the S&P 500 for all of the quarters shown, with the exception of 30th June 2001, 31st December 2001 and 31st March 2002. As of the latest data available, the PrEQIn All Private Equity Index stands at 198.5 and the S&P 500 at 105.1.

The PrEQIn Buyout Index shows that buyout funds are the second top performers in the industry, currently standing at 252.4. In contrast, the PrEQIn Venture Index shows that the performance of venture funds saw a steady decline from Q4 2000 until Q4 2003 caused by the technology crash in 2000, which resulted in large write-downs of portfolio valuations. Since this time, the Venture Index has remained relatively flat, underperforming vs. the S&P 500 Index, and regained a peak of 63.2 in Q2 2011.

Relative Performance of Private Equity: Fund Quartile Indices

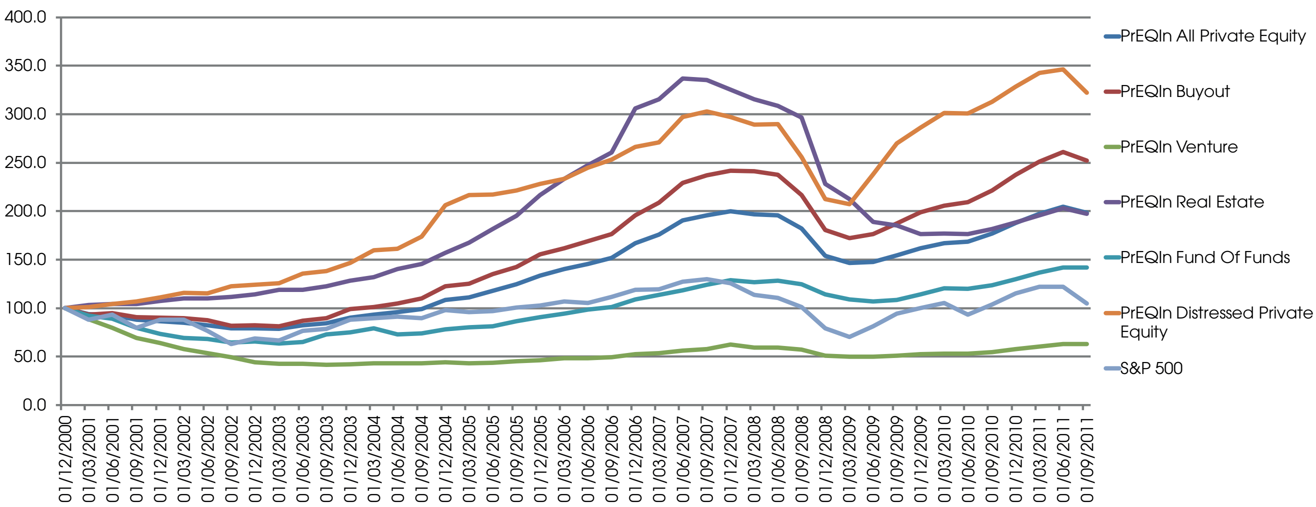
As well as analyzing industry performance as a whole, the PrEQIn Index can be used to assess the variability of performance within the asset class. Preqin assigns quartile rankings to funds of the same vintage year, and where possible, funds which adopt similar strategies and a similar geographic focus.

While the Indices of all four quartiles show quarterly declines initially, following the crash of 2000, the Top Quartile Index increases back above 100 in Q4 2002, and the Second and Third Quartile Indices move back above 100 in Q3 2004 and Q2 2005 respectively. The Top Quartile Index continues to show steep quarterly increases, reaching 396.8 in Q2 2008, before declining due to the 2008 financial crisis. After several quarters of decline, the Top Quartile Index then begins to recover, passing 400 in Q3 2010, and stands at 509.5 as of Q3 2011.

The Second and Third Quartile Indices show similar trends through the periods shown and even with the effect of the financial crisis both indices remain above 100. The Bottom Quartile Index shows much flatter performance during the period. After reaching a peak of 80.7 in Q4 2007, the financial crisis caused subsequent quarterly decreases and the Index has remained relatively flat since this time, standing at 49.1 as of Q3 2011.

The index is based on the following calculation:
Percentage change in quarter = [(NAV at end of quarter + distributions during quarter)/(NAV at start of quarter + call-ups during quarter)] – 1

Fig. 1: PrEQIn Index: All Strategies



Source: PrEQIn Quarterly Index

alternative assets. intelligent data.

LP Appetite for Co-Investments

As private equity fundraising remains subdued, many investors are looking to co-invest alongside GPs in their portfolios in order to gain greater exposure to private equity deals and to extract value from their private equity portfolios. Investor Intelligence currently profiles over 750 LPs with an appetite for co-investing and this number is growing every day. We recently interviewed over 100 of these investors in order to establish the motivations behind co-investments, how co-investments fit in with their current private equity strategies, and their intentions for co-investments going forward.

Forty-three percent of LPs tracked on Investor Intelligence have an appetite for co-investing in deals, and a further 11% would consider co-investments, while the remaining 46% are not currently interested in co-investment opportunities.

It is unsurprising that fund of funds managers account for the largest proportion of LPs actively co-investing, representing 23% of the universe (see Fig. 2), given their focus on the asset class and the internal resources available to them.

Public pension funds account for another 10% of all co-investors, and many such institutions at the larger end of the scale have significant private equity programs and experience in the asset class. In terms of location, 44% of co-investors are based in North America, 31% in Europe, and 25% are based elsewhere.

Investors that have an appetite for co-investments tend to also have sizeable allocations to the private equity asset class. Sixty-six percent of LPs interested in co-investing have $250mn or more allocated to private equity and a significant 13% have an allocation of $5bn or more. Some smaller LPs are also interested in gaining exposure to co-investments, with 12% of LPs that pursue co-investment opportunities having less than $50mn allocated to the asset class.

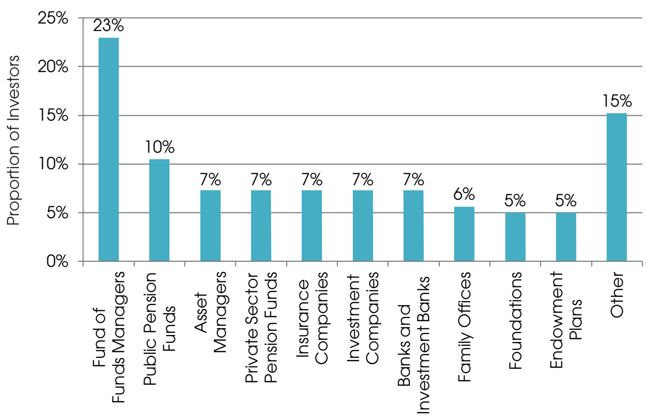
Appeal of Co-Investments

There are many reasons that LPs are attracted to co-investments. Although the risk is greater, so are the potential returns; additionally co-investments often offer other incentives to LPs including reduced fees, better transparency, and more control over their investments.

The most common reason for co-investing, named by 51% of LPs, is the opportunity to achieve better returns (see Fig. 3). The potential returns LPs can achieve from co-investing in deals alongside their fund managers are often considerably more than those achieved through traditional fund investments. For example, OMERS recently reported a 7.2% overall return on its private equity investments for 2011, which it credited largely to its direct investment program.

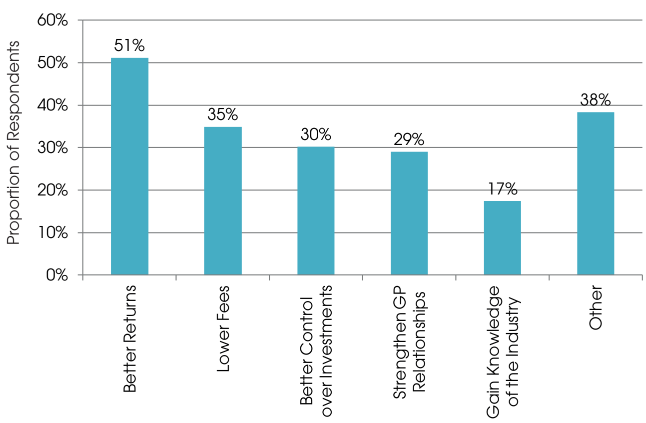
Two-thirds of LPs that co-invest noted better returns from their co-investments in comparison to their fund investments, as Fig. 4 illustrates, including 13% that stated their co-

Fig. 2: Make-up of LPs with an Appetite for Co-Investments by Type



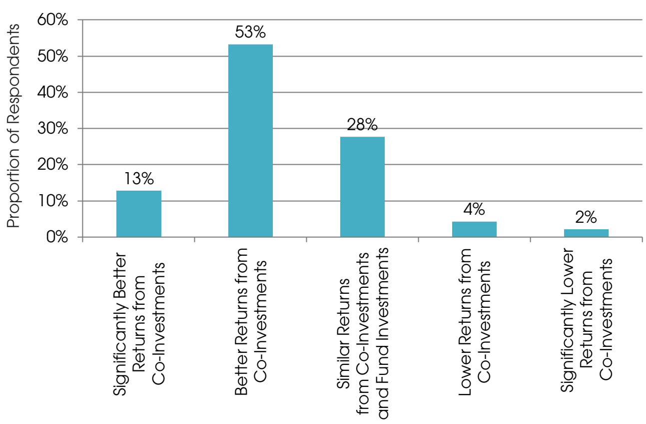
Source: Preqin Investor Intelligence Online Service

Fig. 3: LPs' Reasons for Co-Investing



Source: Preqin Special Report: LP Appetite for Private Equity Co-Investments

Fig. 4: LPs' Views on Past Performance of Co-Investments in Comparison to Fund Investments



Source: Preqin Special Report: LP Appetite for Private Equity Co-Investments

investments had achieved significantly better returns than their fund portfolios.

Additionally, one US asset manager commented that "by actively co-investing, an LP can deploy capital with a GP faster, which reduces the J-curve effect associated with private equity investing."

More than a third of investors (35%) are attracted to co-investments because of the potential to reduce their overall fee burden, while others see co-investments as an opportunity to gain valuable experience and exposure to deals. Furthermore, some 29% of LPs see co-investment opportunities as a way of strengthening their GP relationships.

LPs' Methods of Accessing Co-Investment Opportunities

A significant 61% of LPs we spoke to told us that their allocation to co-investments is at the expense of their private equity fund allocation, while the remaining 39% have a separate allocation to co-investments, suggesting that many LPs with an appetite for the strategy are willing to reduce their exposure to private equity funds in order to increase their allocation to private equity deals.

Three-quarters of LPs we spoke to ask GPs for co-investment rights when making new fund commitments. According to those LPs, when they do ask for co-investment rights they usually receive them. A Saudi Arabia-based investment company commented: "Private equity has changed recently and GPs are more willing to offer LPs co-investment rights."

Furthermore, a Belgian investor told us that being offered co-investment rights "is a first hurdle when making a fund commitment," indicating that it would only commit to a private equity fund if it was also given the opportunity to co-invest in deals alongside it.

A quarter (25%) of LPs we spoke to do not ask for co-investment rights in the new funds they are investing in and instead prefer GPs to approach them with such opportunities.

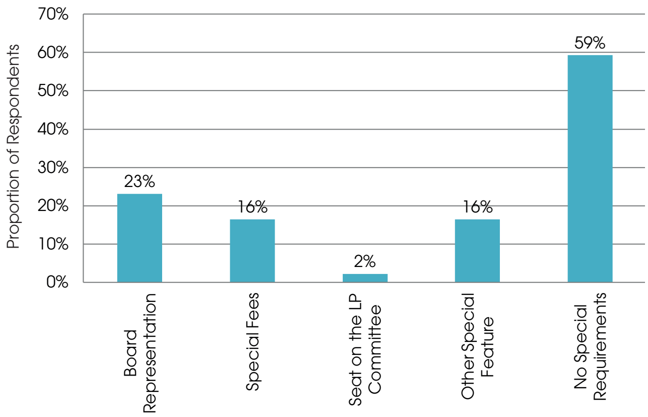
LPs' Requirements for Co-Investments

Forty-one percent of the LPs we spoke to noted particular requirements they expect a GP to meet before committing to a co-investment in a portfolio company. We asked investors which particular conditions GPs should meet in order to secure a co-investment from them.

As Fig. 5 illustrates, 23% of LPs we contacted require board representation if they are to make a co-investment alongside a fund in a portfolio company. Sixteen percent of LPs expect special fees, including several which expect no management fees or carry charges. One large Canadian pension fund we spoke to typically expects "the same terms as GPs have," while a UK bank stated that "special fees are critical given the risk-return ratio."

Eighteen percent of LPs named other requirements for co-investing including observations rights, a seat on the LP committee and only co-investing with GPs that meet certain size requirements.

Fig. 5: LP Requirements When Making Co-Investments



Source: Preqin Special Report: LP Appetite for Private Equity Co-Investments

However, the largest proportion of co-investors (59%) we spoke to have no special requirements when seeking co-investments alongside GPs and instead prefer to approach each opportunity on a case-by-case basis.

All of the LPs that told us they had received special terms when co-investing in the past stated that they expect to receive similar terms for future co-investments.

Outlook

Nine percent of LPs that currently have an appetite for co-investing expect to reduce their exposure to co-investments going forward. For some, external influences on their investment portfolios are driving the decisions to reduce exposure to co-investments, while other investors that may wish to access co-investments due to the perceived benefits are restricted from gaining exposure to direct deals via co-investments as they simply do not have the resources to manage such a program.

However, almost two thirds (65%) of private equity investors interested in co-investments are looking to increase their allocations to the space going forward, and another 26% expect to maintain their current level of exposure to co-investments; therefore it is likely that we will continue to see investors setting up co-investment programs and looking for more exposure to direct private equity deals in the future.

Sovereign Wealth Funds

Over the last year, the aggregate total assets of all sovereign wealth funds worldwide has increased considerably. Despite widespread economic uncertainty regarding the sovereign debt crisis, volatility in the wider financial markets and underperformance of certain asset classes, sovereign wealth fund aggregate assets have jumped by over half a trillion dollars across 2011-2012. Despite sustained global economic uncertainty, aggregate assets under management now stand at $4.62tn.

Proportion of Sovereign Wealth Funds Investing in Private Equity

Over half (57%) of sovereign wealth funds are known to invest in the private equity asset class. Many of these institutions invest in the asset class through funds, with 46% opting to gain exposure to the asset class via this method. A further 11% gain exposure to private equity through direct investments, while 3% are considering making an initial investment in the private equity asset class.

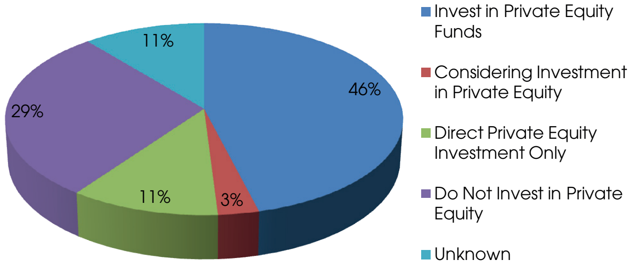
A number of sovereign wealth funds also look to co-invest alongside fund managers in their portfolio. As this is an activity most commonly undertaken by larger and more established private equity investors, with sophisticated strategies and the resources to execute such investments successfully, many sovereign wealth funds are ideally placed to do so.

Fund Type Preferences of Sovereign Wealth Funds Investing in Private Equity

Over three-quarters (79%) of sovereign wealth funds investing in private equity have a preference for buyout vehicles. Given the fact that many funds have high levels of assets under management, they are typically able to commit a greater amount of capital to funds, which makes them particularly attractive investors to buyout fund managers. For example, Alaska Permanent Fund Corporation, Government of Singapore Investment Corporation and New Zealand Superannuation Fund all made commitments to Hellman & Friedman VII, which closed on $8.8bn, ahead of its $7bn target size. Following the volatility in financial markets of late, distressed private equity is of increasing importance to sovereign wealth funds; 38% of such institutions currently have a preference for distressed debt, turnaround and special situations strategies and view these funds as attractive investment opportunities.

For smaller sovereign wealth funds and those with less experience in the asset class, private equity funds of funds continue to provide a source of diversification in their portfolios. Of the sovereign institutions that invest in private equity, 28% have a preference for multi-manager vehicles, compared to 20% last year. Fund of funds vehicles provide diversification through

Fig. 6: Proportion of Sovereign Wealth Funds Investing in Private Equity



Source: 2012 Preqin Sovereign Wealth Fund Review

a single commitment, allowing sovereign wealth funds to gain exposure to a variety of underlying strategies and geographies. In 2011, Wyoming State Treasurer's Office announced it would look to increase the size of its fund of funds portfolio over the next three to five years in an effort to build towards its 4% target allocation to the asset class.

Outlook

It is evident that sovereign wealth funds continue to have a strong interest in private equity and view the asset class as presenting favourable long-term investment opportunities. Many sovereign institutions invest in the asset class through private equity funds in addition to direct investments in line with their strategic aims. Over recent years, the number of sovereign wealth funds seeking to hold more diverse portfolios of investments, by both strategy and geography, has risen. Although the financial markets remain turbulent, such institutions represent a significant amount of the capital invested in private equity and are likely to continue to allocate increasing amounts of capital to the asset class going forwards.

The Changing Limited Partner Universe

With tighter regulations being implemented across developed regions limiting the amount of capital certain investors can allocate to supposedly higher-risk investments such as private equity, the limited partner universe is evolving. Investors based in emerging economies have an increasingly important presence in the market, while some investors in more established markets seek new ways to access the asset class.

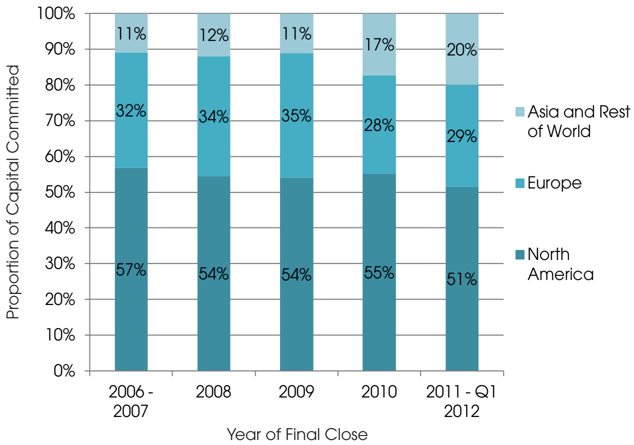
The Changing Limited Partner Universe

The Volcker Rule, part of the Dodd-Frank Act, will have a significant impact on the investment activity of North American banks. With limits placed on the amount of capital permitted to be invested in the private equity asset class, the impact of this regulation on the level of commitments secured from banks can already be seen. Banks accounted for 11% of the total capital invested in private equity in 2008 ($115bn), whereas this figure fell to 8% ($110bn) in 2011. In addition to this, the proposed Solvency II regulation is likely to have an impact on the private equity investments of European insurance companies. Once implemented, this legislation will require these institutions to hold more liquid assets, meaning the private equity asset class is a less accessible investment option.

While some investors based in developed regions have had to adapt their private equity portfolios in order to comply with increased regulation, investors based in some emerging markets countries have had restrictions on their investments eased. Brazilian pension funds are now able to allocate up to 20% of their total assets to structured vehicles such as private equity funds, half of which can be allocated to international vehicles. South African pension funds can now allocate up to 10% of total assets to private equity opportunities, compared to 2.5% previously. Furthermore, China has also witnessed an easing of regulations regarding private equity investments more recently, with the Chinese authorities actively promoting fundraising and investment in the country.

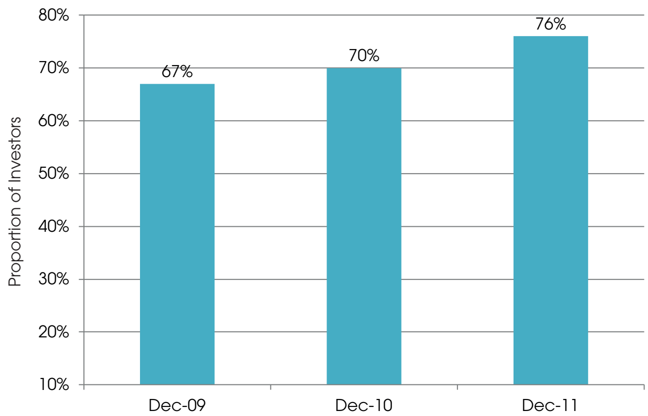
We have seen the proportion of capital secured by funds from investors based in Asia and Rest of World steadily increase in recent years, as Fig. 7 demonstrates. For funds that closed in 2006/2007, LPs based outside Europe and North America contributed 11% of overall capital. For funds that reached a final close in 2011 and Q1 2012, commitments from Asia and Rest of World-based LPs represent a fifth of aggregate capital raised, which indicates that GPs are increasingly looking to investors based in these regions when fundraising, as well as being indicative of the increase in general private equity activity outside the traditional North American and European markets.

Fig. 7: Breakdown of Capital Committed to Funds Closed from 2006 to Q1 2012 by Investor Location



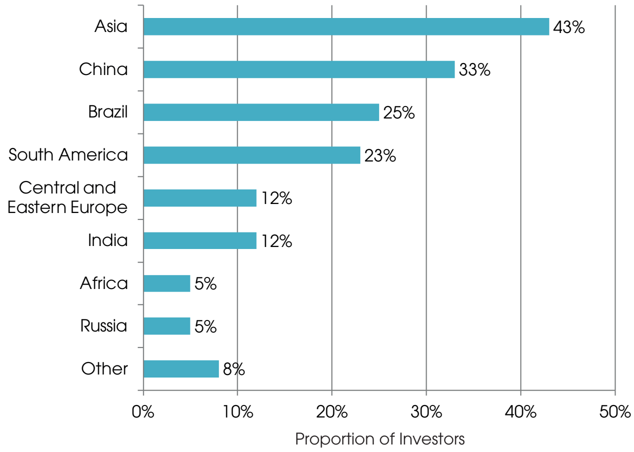
Source: Preqin Investor Intelligence Online Service

Fig. 8: Proportion of Investors with an Appetite for Emerging Markets



Source: H1 2012 Preqin Investor Outlook: Private Equity

Fig. 9: Countries and Regions within Emerging Markets that Investors View as Presenting Attractive Opportunities



Source: H1 2012 Preqin Investor Outlook: Private Equity

Changing LP Appetite

With stricter regulations and economic uncertainty affecting investors in North America and Europe, LPs are increasingly looking at new ways to access the asset class. The H1 2012 **Preqin Investor Outlook: Private Equity** report indicates that over three-quarters (76%) of LPs have an appetite for emerging markets. This compares to 70% of LPs in 2010 and 67% in 2009, as shown in Fig. 8, indicating a steady increase in the number of investors with an appetite for funds targeting emerging regions. The enthusiasm for emerging markets looks set to continue, with 47% of the LPs that are interested in emerging markets opportunities planning to increase their exposure to these regions in the longer term, while a further 51% anticipate maintaining their current level of exposure.

Of the LPs with an interest in emerging markets, the highest proportion (43%) view Asia as presenting attractive opportunities, as displayed in Fig. 9. South America is increasingly popular among investors looking to gain exposure to emerging markets. In 2009, 14% of LPs with a preference for emerging economies named this region as presenting favourable opportunities, whereas in 2011, the region was named by 23% of investors.

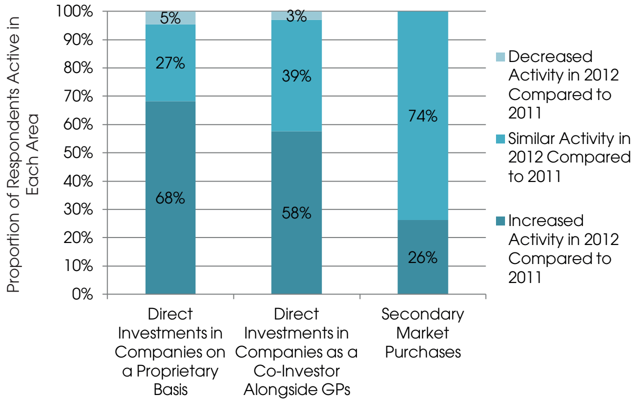
As investors look to adapt to the present economic climate, the secondary market continues to appeal to many private equity investors. Over a quarter (26%) of LPs that have an interest in participating as buyers on the secondary market are looking to increase their activity over the course of 2012, as shown in Fig. 10.

As discussed on page 5, LPs are also increasingly looking to co-invest alongside fund managers as they look for new ways to gain exposure to the asset class. Co-investing allows LPs to take more control over their investments, reduce their overall fee burdens, strengthen GP relationships and gain specific knowledge of a certain industry. For those investors with the capacity to co-invest, this strategy looks likely to become an integral part of their private equity programs; as Fig. 10 illustrates, 58% of LPs with an interest in co-investment opportunities expect to be more active in this space in 2012 compared to 2011.

Outlook

It is evident that the limited partner universe is evolving. While stricter regulation is affecting investors in developed markets, LPs based in emerging economies can now allocate more capital to private equity funds than ever before, making these investors a great potential source of capital for GPs looking to raise new funds. Investors based outside the traditional markets of North America and Europe are having an ever greater influence within the private equity asset class, accounting for an increasing proportion of capital committed to funds. In addition to the growing interest in private equity shown by investors in emerging markets, LPs based in North America and Europe have an increased appetite for investing in emerging markets, as such investments offer good growth opportunities in the face of continued uncertainty in developed regions. Furthermore, the secondary market remains popular among investors, and co-investments are likely to play an important role in many LPs' investment portfolios as they continue to seek the most effective and profitable ways to access the asset class.

Fig. 10: Investors' Expectations of the Level of Both Direct Investment and Secondary Market Activity in 2012



Source: H1 2012 Preqin Investor Outlook: Private Equity

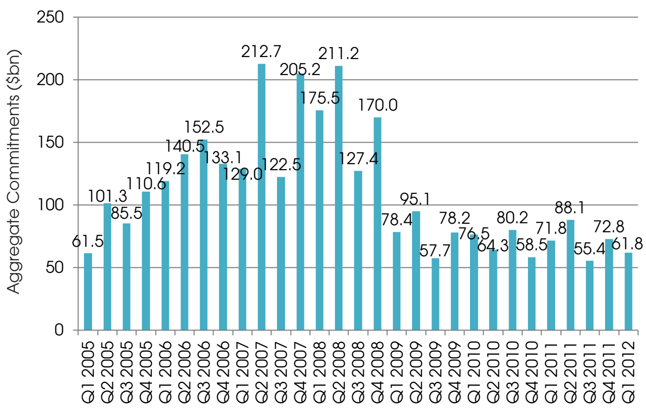
Fundraising Overview

In Q1 2012, 123 private equity funds worldwide reached a final close having raised an aggregate $61.8bn (Fig. 11). This represents a 15% decrease on the amount raised in the last three months of 2011 (although as more information becomes available it is likely that the Q1 2012 figure will increase somewhat), and 29% of the all-time fundraising record achieved by funds closed in Q2 2007. In addition to the 123 private equity vehicles holding a final close, there were 121 funds that held an interim close during Q1 2012, raising a total of $35bn towards their overall targets. These figures suggest that fundraising is still a difficult prospect for fund managers seeking investor commitments. Despite this, there have been some very successful fundraising efforts during the quarter, such as Mount Kellett Capital Partners II, which surpassed its target of $3.5bn with total commitments of $4bn.

The average time taken to reach a final close for funds closed in Q1 2012 was 17.7 months. Fig. 12 shows a breakdown of the length of time that funds closed in the quarter spent on the road. Sixteen percent had been in market for six months or less, with a further 18% completing their fundraising process within 7-12 months, meaning that 34% of private equity vehicles that reached a final close during Q1 had spent a year or less on the road. This is slightly down from the previous quarter, when 37% of funds that completed a final close had been fundraising for a year or less. A further 42% of the funds that reached a final close in Q1 2012 had been in market for between 13 and 24 months, while for over a quarter (26%) it took between 25 and 36 months to complete fundraising.

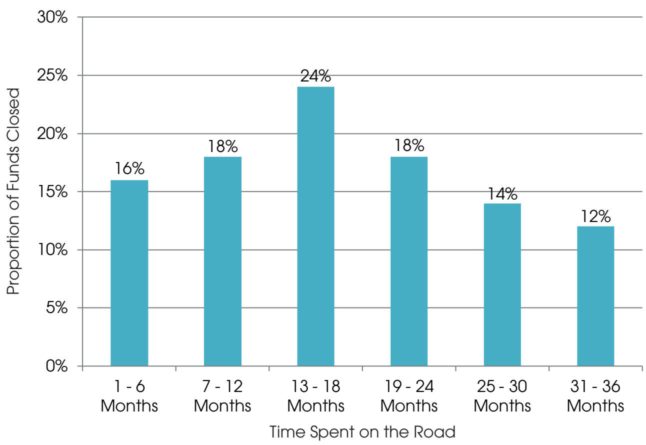
Buyout funds raised the most capital in Q1 2012, with 23 such funds closing having raised an aggregate $18.5bn, as shown in Fig. 13. Compared to the previous quarter, when 25 buyout funds garnered a total of $21.5bn, Q1 represents a 8% decrease in the number of funds closing and a 14% drop in terms of aggregate committed capital. Venture capital funds secured the second largest share of capital commitments in the quarter, with 35 vehicles raising an aggregate $9.7bn. This represents a 28% increase on the previous quarter, when 49 funds raised $7.6bn, which can partly be attributed to the closing of Andreessen Horowitz Fund III and Tiger Global Private Investment Partners VII, which both feature in the top 10 funds to close during Q1 2012 by final close size (Fig. 14). Real estate funds closed in Q1 2012 raised $8.8bn through 24 funds, a 44% decrease from Q4 2011, when 39 funds raised $15.8bn.

Fig. 11: All Private Equity Fundraising by Quarter, Q1 2005 - Q1 2012



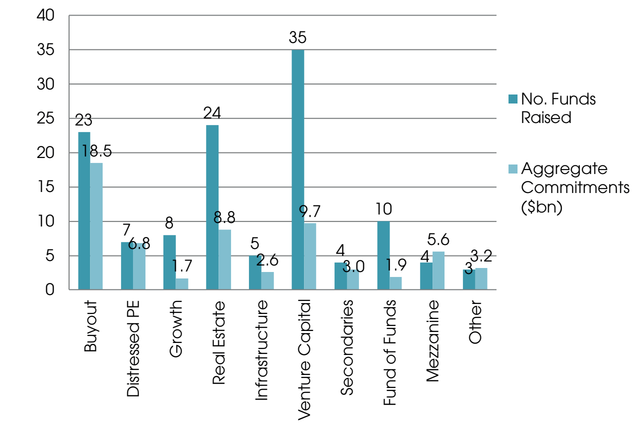
Source: Preqin Funds in Market Online Service

Fig. 12: Time Spent on the Road by Funds Closed in Q1 2012



Source: Preqin Funds in Market Online Service

Fig. 13: Private Equity Fundraising by Type, Q1 2012



Source: Preqin Funds in Market Online Service

Fig. 14: Top 10 Funds Closed during Q1 2012 by Final Close Size

Fund	Firm	Type	Size (mn)	Firm Location	Fund Focus
BC European Cap IX	BC Partners	Buyout	6,500 EUR	UK	Europe
GSO Capital Opportunities Fund II	Blackstone Group	Mezzanine	4,100 USD	US	US, West Europe
Mount Kellett Capital Partners II	Mount Kellett Capital Management	Special Situations	4,000 USD	US	Asia
Denham Commodity Partners Fund VI	Denham Capital Management	Natural Resources	3,000 USD	US	Global
CS Strategic Partners V	CS Strategic Partners	Secondaries	2,400 USD	US	Global
Hony Capital Fund V	Hony Capital	Buyout	2,368 USD	China	China
Andreessen Horowitz Fund III	Andreessen Horowitz	Early Stage	1,500 USD	US	North America
Tiger Global Private Investment Partners VII	Tiger Global Management	Venture Capital (General)	1,485 USD	US	Global
AG Realty Fund VIII	Angelo, Gordon & Co	Real Estate	1,270 USD	US	Global
Thoma Bravo Fund X	Thoma Bravo	Buyout	1,250 USD	US	North America

Source: Preqin Funds in Market Online Service

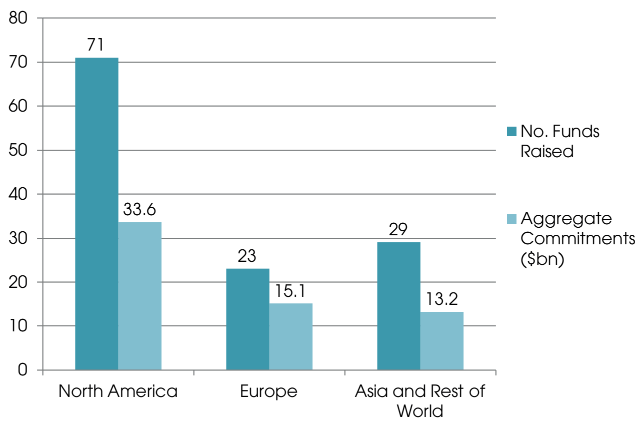
Regional Fundraising

Out of the 123 funds that reached a final close in Q1 2012, 58% are primarily focused on making investments in North America. These funds also accounted for over half of the aggregate capital of all funds closed in the first quarter of 2012. Europe-focused funds raised the second largest amount of capital in Q1 2012, garnering 24% of the aggregate commitments, and 21% was raised by Asia and Rest of World-focused funds. North America-focused funds also accounted for the largest proportion of aggregate capital in Q4 2011, with over 50%, followed by Europe-focused funds, which accounted for approximately 30% of capital raised. Asia and Rest of World-focused funds represented 19% of aggregate capital raised in Q4 2011.

As shown in Fig. 15, 71 funds that completed their fundraising efforts in Q1 2012 have a primary focus on North America. This is a considerable decrease in the number of funds reaching a final close compared with the previous quarter, when 90 funds closed with a focus on this region. The aggregate amount of capital raised in Q1 2012 by North America-focused funds has fallen from $36.8bn in Q4 2011 to $33.6bn. The largest North America-focused fund to close in the first quarter of 2012 was GSO Capital Opportunities Fund II, which raised a total of $4.1bn.

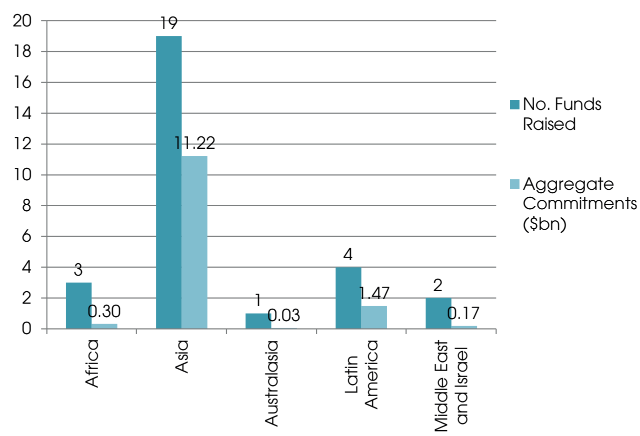
The number of Europe-focused funds that reached a final close during Q1 2012 also decreased, with 23 funds completing the fundraising process in Q1 2012 compared to 44 in the previous quarter. These funds raised less capital than in the previous quarter, and also accounted for a slightly lower proportion of the total capital raised across all regions, $15.1bn, representing 24% of the global total in Q1 2012, in comparison to $22.2bn in the previous quarter. The largest fund to close in Q1 2012 with a European focus was BC European Cap IX, which closed on €6.5bn.

Fig. 15: Private Equity Fundraising by Primary Geographic Focus Q1 2012



Source: Preqin Funds in Market Online Service

Fig. 16: Breakdown of Asia and Rest of World Private Equity Fundraising by Region, Q1 2012



Source: Preqin Funds in Market Online Service

The number of Asia and Rest of World-focused funds reaching a final close and total capital raised by funds focused on this region have both decreased since the previous quarter. Sixty-four funds with a primary focus on investment in Asia and Rest of World closed in Q4 2011, raising an aggregate of $13.8bn, which represented 19% of capital raised in the quarter. In Q1 2012, the $13.2bn collected by 29 funds accounted for 21% of total global capital raised. The largest Asia and Rest of World-focused fund to close in the first quarter of 2012 was Mount Kellett Capital Partners II, which raised $4bn.

Fig. 16 shows Asia and Rest of World fundraising in Q1 2012 by the specific regions being targeted by the funds in this group. Asia-focused funds dominated, with a total of $11.2bn garnered by 19 funds, representing 85% of total Asia and Rest of World-focused capital raised in the quarter. Latin American funds also raised a significant amount of capital in Q1 2012; four funds focused on this region raised a total of $1.5bn, accounting for 11% of all capital raised by Asia and Rest of World-focused funds.

Buyout and Venture Capital Fundraising

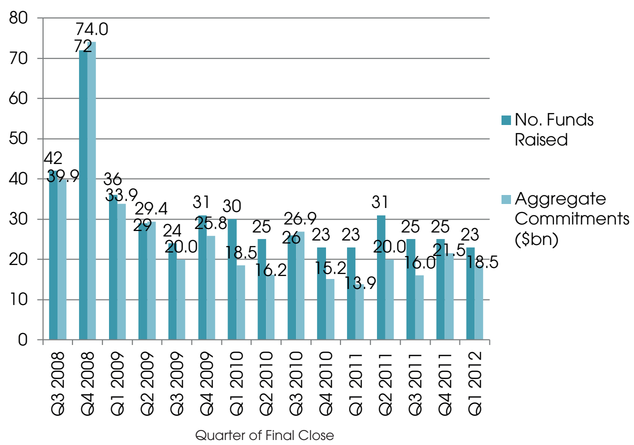
A total of 23 private equity buyout funds completed their fundraising process during Q1 2012, as shown in Fig. 17. Collectively, these funds raised $18.5bn in commitments, accounting for 30% of the total capital raised throughout the quarter. In comparison to the final quarter of 2011, these figures show a $3bn, or 14%, decrease in the level of capital raised and an 8% fall in the number of funds closed, although fundraising figures may rise somewhat as more information becomes available.

BC European Cap IX was the largest buyout fund to close in Q1 2012, having surpassed its target of €6bn with a final close of €6.5bn. The fund targets buyout opportunities across Europe, and makes investments across a broad range of sectors including customer products and services, healthcare, technology and manufacturing. The second largest fund to close throughout the quarter was the Hony Capital Fund V. The fifth USD-denominated fund to be raised by the China-based Hony Capital closed early in January 2012 on $2.6bn, and targets companies operating across a diversified range of industries that are based, or have significant operations, throughout China.

Fig. 18 shows quarterly venture capital fundraising levels since Q3 2008. Over the last quarter, a total of 35 funds reached a final close having collected an aggregate $9.7bn in capital commitments. This compares to the total of $7.6bn raised by 49 vehicles through the final quarter of 2011, a rise of 27% in terms of capital raised but a fall of 29% in terms of number of funds.

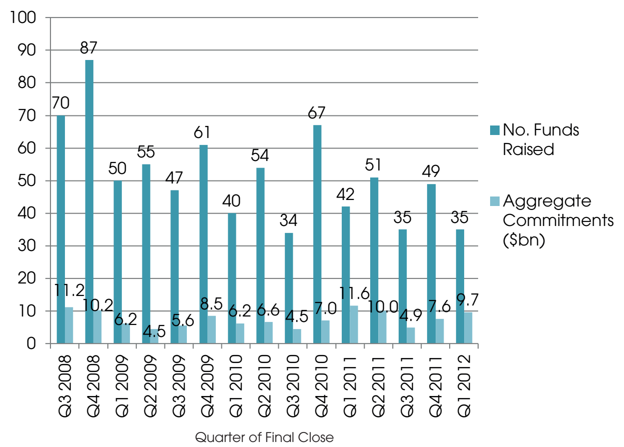
The largest venture capital fund to close in Q1 2012, having raised $1.5bn, was Andreessen Horowitz Fund III. The North America-focused early stage fund targets companies operating within the technology start-up sector. Tiger Global Private Investment Partners VII followed closely behind as the second largest fund having raised a total of $1.49bn. The fund seeks investments in internet, telecoms and media companies, but has no specific geographical focus.

Fig. 17: Buyout Fundraising by Quarter, Q3 2008 - Q1 2012



Source: Preqin Funds in Market Online Service

Fig. 18: Venture Capital Fundraising by Quarter, Q3 2008 - Q1 2012



Source: Preqin Funds in Market Online Service

Fig. 19: Five Largest Buyout Funds Closed in Q1 2012

Fund	Firm	Size (mn)
BC European Cap IX	BC Partners	6,500 EUR
Hony Capital Fund V	Hony Capital	2,368 USD
Thoma Bravo Fund X	Thoma Bravo	1,250 USD
Symphony Technology Group IV	Symphony Technology Group	870 USD
Accel-KKR Capital Partners IV	Accel-KKR	750 USD

Source: Preqin Funds in Market Online Service

Fig. 20: Five Largest Venture Capital Funds Closed in Q1 2012

Fund	Firm	Size (mn)
Andreessen Horowitz Fund III	Andreessen Horowitz	1,500 USD
Tiger Global Private Investment Partners VII	Tiger Global Management	1,485 USD
Cowen Healthcare Royalty Partners II	Cowen Capital Partners	1,000 USD
Fang Fund	Fang Fund Partners	5,000 CNY
Bain Capital Venture Fund 2012	Bain Capital	660 USD

Source: Preqin Funds in Market Online Service

Private Equity Fundraising: Other Fund Types

Of the funds that closed in Q1 2012, a total of $33.7bn was raised by 65 vehicles of fund types other than buyout and venture capital. This accounted for 55% of all private equity capital raised by funds that closed in this period.

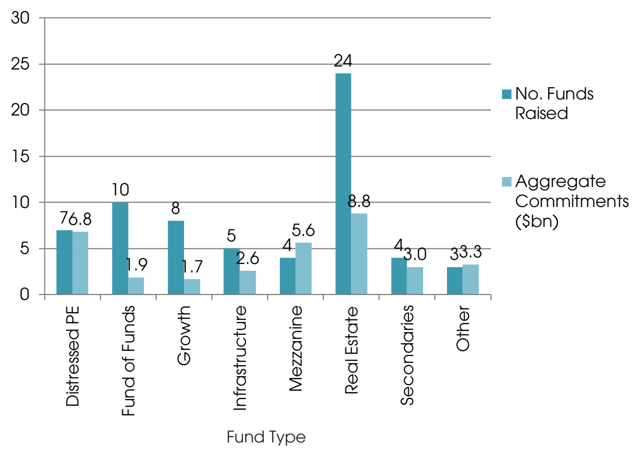
This figure for total aggregate commitments, however, is down significantly from the figure for the previous quarter. In Q4 2011, $43.7bn of capital was raised by non-buyout or venture capital funds.

Fig. 21 highlights that real estate vehicles constituted the most numerous fund type to have reached a final close in Q1 2012, with 24 funds raising an aggregate $8.8bn and accounting for 26% of total capital raised by non-buyout or venture capital funds over the period. Preqin's data shows that while real estate fundraising remains prominent, the average size of real estate funds has fallen; real estate funds closed in Q4 2011 had an average final size of $405mn, whereas for Q1 2012 the figure stands at $366mn.

The top 10 funds to have closed during Q1 2012 in terms of capital raised (excluding buyout and venture capital funds) are displayed in Fig. 22. It shows that various fund types have been able to attract significant amounts of investor capital, with seven different fund types appearing in the top 10.

Excluding buyout and venture capital funds, the largest fund to close in the first quarter of 2012 was GSO Capital Opportunities Fund II. The Blackstone Group-managed mezzanine fund raised $4.1bn in capital commitments, and was initially targeting $3bn. Incidentally, it is the second largest private equity vehicle overall to close in this quarter, behind the €6.5bn BC European Cap IX buyout fund.

Fig. 21: Private Equity Fundraising (Excluding Buyout and Venture Capital Funds) by Fund Type, Q1 2012



Source: Preqin Funds in Market Online Service

Preqin's Funds in Market features detailed information regarding vehicles closed historically. Want to break out historical data by specific fund type? Vintage year? We can help. For more information on how Funds in Market can be used, please visit:

www.preqin.com/fim

Fig. 22: 10 Largest Funds (Excluding Buyout and Venture Capital Funds) Closed in Q1 2012

Fund	Firm	Type	Size (mn)
GSO Capital Opportunities Fund II	Blackstone Group	Mezzanine	4,100 USD
Mount Kellett Capital Partners II	Mount Kellett Capital Management	Distressed PE	4,000 USD
Denham Commodity Partners Fund VI	Denham Capital Management	Natural Resources	3,000 USD
CS Strategic Partners V	CS Strategic Partners	Secondaries	2,400 USD
AG Realty Fund VIII	Angelo, Gordon & Co	Real Estate	1,270 USD
Meridiam Infrastructure Europe II	Meridiam Infrastructure	Infrastructure	950 EUR
Axiom Asia III	Axiom Asia Private Capital	Fund of Funds	1,150 USD
AG Core Plus Realty Fund III	Angelo, Gordon & Co	Real Estate	1,010 USD
NYLIM Mezzanine Partners III	New York Life Capital Partners	Mezzanine	980 USD
Strategic Value Special Situations Fund II	Strategic Value Partners	Distressed PE	918 USD

Source: Preqin Funds in Market Online Service

Funds on the Road Overview

The start of 2012 saw a record number of private equity funds on the road, coupled with the highest aggregate capital targeted by funds in market since late 2009. During Q1 2012, both the level of capital sought and the number of funds in market increased further, with 1,853 funds on the road collectively targeting $787bn as of the start of Q2. This represents an increase of 19% in aggregate capital sought from the same point last year and an increase of 6% since the start of Q1 2012. The figures at the start of Q2 2012 mark the seventh quarterly increase in both the number of funds on the road and aggregate targeted capital.

Fig. 23 shows the number of funds on the road and aggregate capital targeted at the start of each quarter since Q2 2009, and demonstrates that the number of funds in market and the aggregate capital sought has been growing since Q3 2010. There has been an increase in the average target size of funds on the road this year compared to 2011. At the start of Q3 2011, there were 1,665 funds on the road seeking aggregate capital of $673bn, equating to an average target size of $402mn. Going into Q2 2012, the average target size stands at $425mn, representing a 6% increase.

The largest proportion of funds currently seeking capital will primarily invest their capital in North America, with 814 vehicles seeking an aggregate $390bn, as shown in Fig. 24. These funds account for 44% of funds on the road and 50% of aggregate capital targeted.

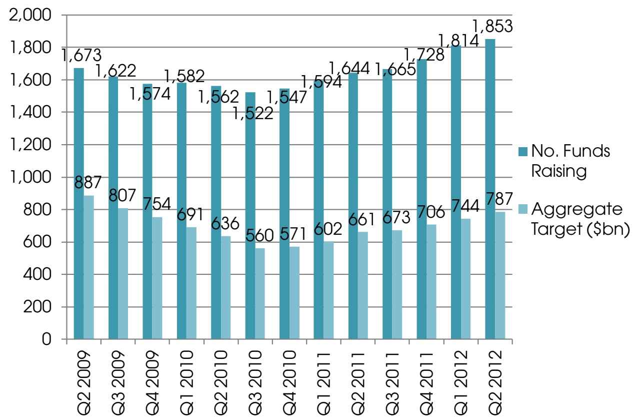
Asia and Rest of World-focused funds are targeting the second largest amount of capital, with 597 vehicles seeking $204bn, accounting for 32% of the number of funds in market and 26% of aggregate targeted capital. Of these funds, Asia-focused funds account for 64% of the aggregate target. There are currently 442 Europe-focused funds on the road, targeting an aggregate $193bn in capital commitments. These funds account for 24% of the number of funds on the road and 25% of global targeted capital.

Fig. 25 shows the number of funds and amount of capital raised though interim closes in each quarter since Q4 2009. Over this period, there have been 1,710 interim closes recorded, raising just over $292bn in aggregate capital commitments. Q1 2012 saw only 121 interim closes, although these funds raised a very respectable $35bn towards their final target.

Preqin's Funds in Market features constantly updated data regarding all funds being raised. Want to identify trends in the current market? What fund types are attracting capital? We can help.

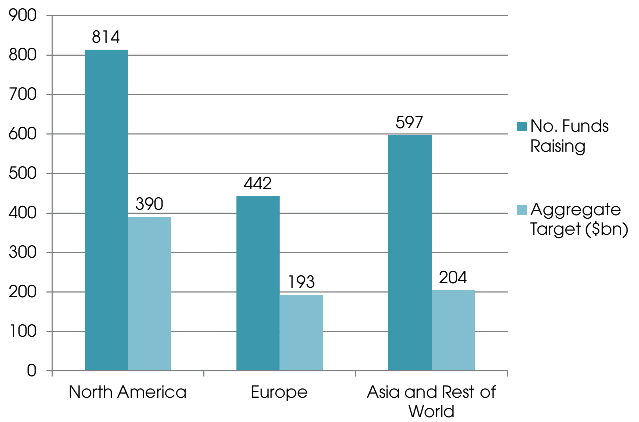
www.preqin.com/fim

Fig. 23: Funds in Market by Quarter, Q2 2009 - Q2 2012



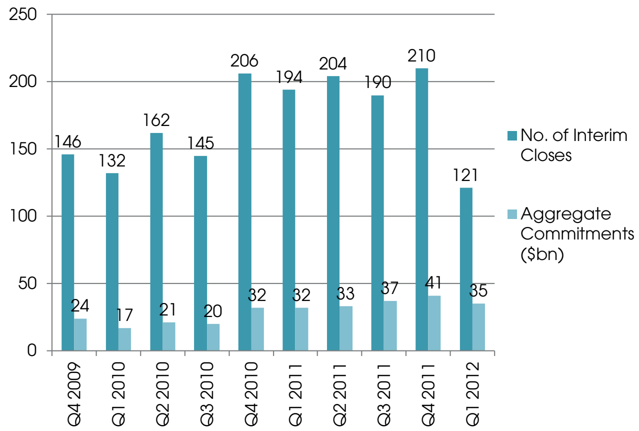
Source: Preqin Funds in Market Online Service

Fig. 24: Composition of Funds in Market by Primary Geographic Focus



Source: Preqin Funds in Market Online Service

Fig. 25: Interim Fund Closes by Quarter



Source: Preqin Funds in Market Online Service

Funds on the Road by Type

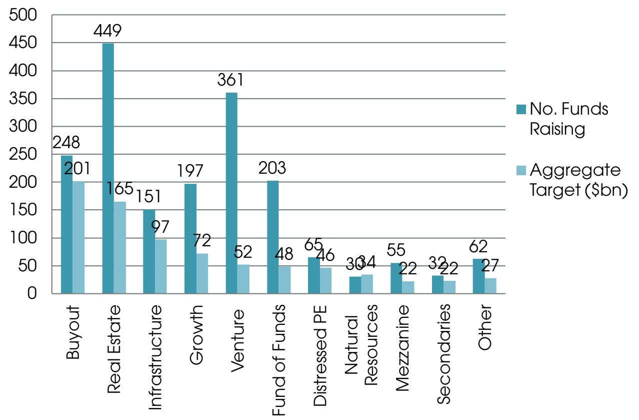
As of the start of Q2 2012 there are 1,853 funds in market targeting aggregate capital commitments of $787bn. Buyout funds are targeting the largest amount of capital of all funds on the road, accounting for 26% of all capital currently being sought by private equity funds in market. As shown in Fig. 26, there are 248 buyout vehicles on the road targeting $201bn in capital commitments. Apax Europe VIII is the largest buyout fund currently on the road, and is seeking €9bn in capital commitments. The fund will make buyout investments in the €1bn to €5bn enterprise value range in Europe and focuses on the financial and business services, healthcare, media, retail and consumer, technology and telecom sectors.

Private equity real estate and infrastructure funds have the second and third largest aggregate targets respectively, with 449 real estate funds aiming to raise $165bn and 151 infrastructure funds seeking $97bn in capital commitments. The two fund types account for 21% and 12% respectively of the aggregate target of all funds on the road.

Private equity real estate funds are the most numerous type of fund on the road, accounting for 24% of the total number of funds currently raising, followed by venture capital funds, with 361 such vehicles currently in market accounting for 19% of funds currently raising. Venture capital funds are targeting the fifth largest amount of capital, with an aggregate target of $52bn.

Funds of funds, growth funds and distressed private equity funds all account for significant proportions of the private equity funds on the road. Funds of funds are the fourth most numerous fund type, with 203 funds currently in market targeting $48bn in capital commitments. Growth funds follow with 197 vehicles targeting $72bn in commitments, or 9% of all capital currently being sought by private equity funds in market. Distressed private equity funds account for 4% of all funds in market and 6% of the total targeted capital, with 65 funds seeking $46bn. Natural resources funds have the largest average target size of all funds in market, with 30 funds targeting an average of over $1.1bn in capital commitments.

Fig. 26: Composition of Funds in Market by Type



Source: Preqin Funds in Market Online Service

Preqin's Funds in Market is a vital fundraising tool, allowing users to analyze market trends using a variety of criteria, including fund type, vintage year, industry preferences and more. For more information on how Funds in Market can help you, please visit:

www.preqin.com/fim

Fig. 27: 10 Largest Funds in Market by Target Fund Size

Fund	Firm	Type	Target Size (mn)	Firm Location	Fund Focus
Blackstone Real Estate Partners VII	Blackstone Group	Real Estate	13,000 USD	US	Global
Apax Europe VIII	Apax Partners	Buyout	9,000 EUR	UK	Europe
Warburg Pincus Private Equity XI	Warburg Pincus	Balanced	12,000 USD	US	Global
Carlyle Partners VI	Carlyle Group	Buyout	10,000 USD	US	North America
KKR North American XI Fund	Kohlberg Kravis Roberts	Buyout	10,000 USD	US	North America
Permira V	Permira	Buyout	6,500 EUR	UK	Global
Silver Lake Management IV	Silver Lake	Buyout	8,000 USD	US	North America
Cinven V	Cinven	Buyout	5,000 EUR	UK	Europe
Providence Equity Partners VII	Providence Equity Partners	Buyout	6,000 USD	US	North America, West Europe
Riverstone Global Energy and Power Fund V	Riverstone Holdings	Natural Resources	6,000 USD	US	Global

Source: Preqin Funds in Market Online Service

Fundraising Future Predictions

Private equity fundraising conditions remained challenging in Q1 2012. During the quarter, 123 funds reached a final close, raising an aggregate $61.8bn. Although this is less than the $72.8bn that was raised by funds that closed in Q4 2011, it still exceeds the $55.4bn raised by funds that closed in Q3 2011 and in addition we anticipate fundraising figures in Q1 to rise by around 10-20% as more information becomes available. Therefore fundraising levels appear stable at present but there is some evidence of increasing momentum in the fundraising market.

We saw a number of fundraising successes in the first quarter and several large funds reached a final close, including BC European Cap IX, which closed €1.5bn over its target on €6.5bn, and GSO Capital Opportunities Fund II, which closed on $4.1bn, also exceeding its $3bn target.

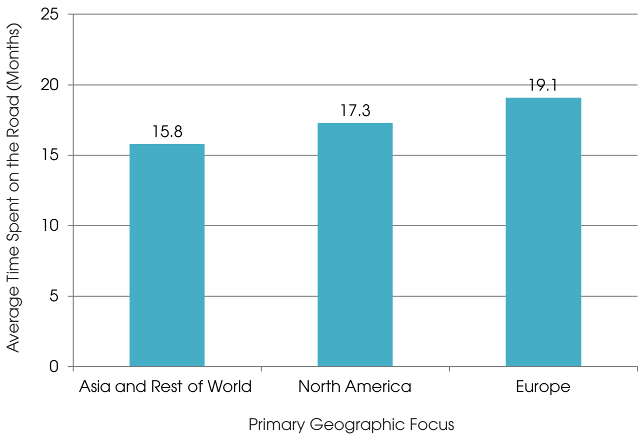
Further evidence of momentum in the market can be seen in the pace of interim closes being held by funds that are on their way to raising their required capital. In Q1 2012, 118 funds held an interim close and these funds have raised $33.2bn towards their targets. Of the funds in market at present, more than 40% have held an interim close, raising an aggregate $151.2bn so far.

Fundraising conditions have been highly competitive over the past few years and there are no signs of this abating. At present, 1,853 funds are on the road competing for commitments, even more than the record-breaking number of funds seeking capital at the start of the year (1,814), and the aggregate target capital sought by funds in market has increased from $744bn at the start of Q1 2012 to $787bn at the start of Q2 2012.

Funds that closed in Q1 2012 took on average 17.7 months to fundraise, showing little change from the average time spent on the road by funds that closed in 2011 of 17.8 months. This is still an improvement on 2010, when funds spent 19.8 months on the road on average. However, fewer are taking a year or less to raise: 42% of funds closed in 2011 took a year or less to fundraise compared to 34% of funds closed in Q1 2012.

It is interesting to note regional variations in the time taken to raise private equity funds at present. As shown in Fig. 28, Europe-focused funds closed in the last year took longer to raise on average than those that are primarily targeting other regions. Europe-focused funds took 19.1 months to raise on average, compared to 17.3 months for their North America-focused counterparts. Funds that primarily target opportunities in Asia and Rest of World took an average of 15.8 months to raise.

Fig. 28: Time Spent on the Road by Funds Closed Q2 2011-Q1 2012 Split by Primary Geographic Focus



Source: Preqin Funds in Market Online Service

There is strong evidence to suggest the pace of fundraising will remain at a similar level during Q2 2012. Exits have remained at lower levels, with the aggregate value of exits that took place in Q1 2012, at $46.4bn, remaining at a similar level to that seen in Q4 2011, when $41.8bn worth of exits took place, and considerably lower than the record-breaking $127.2bn worth of exits in Q2 2011. With lower levels of exits taking place and consequently lower levels of distributions being received by LPs, the pace at which investors make new commitments to funds is unlikely to rise significantly in the coming months.

However, our December 2011 survey of over 100 institutional investors in private equity, Preqin Investor Outlook: Private Equity, found that 27% of those set to make new commitments this year intend to increase the amount of capital they have available for new fund commitments in 2012 compared to 2011, 49% intend to commit at the same rate and a further 12% made no new commitments in 2011 but intend to be active in 2012. Furthermore, 88% of respondents to our survey intend to increase or maintain their exposure to private equity over the longer term, which is unsurprising as investors continue to seek the higher potential returns offered by the asset class.

Overall, it is unlikely that we will see a significant increase in fundraising levels over the next quarter but there is strong evidence to suggest fundraising will at least remain consistent with the first quarter.

Deals and Exits Overview

A total of 669 private equity-backed buyout deals were announced globally in Q1 2012, with an aggregate value of $46.3bn, a 20% decrease from the $57.7bn in deal value witnessed during the previous quarter.

This marks a continuation in the downward trend in aggregate quarterly deal values since the post-Lehman peak of $81.3bn in Q2 2011, and has come during a prolonged period of uncertainty in the financial markets, which has led to a difficult global M&A environment – particularly in relation to obtaining leveraged financing for larger-sized deals.

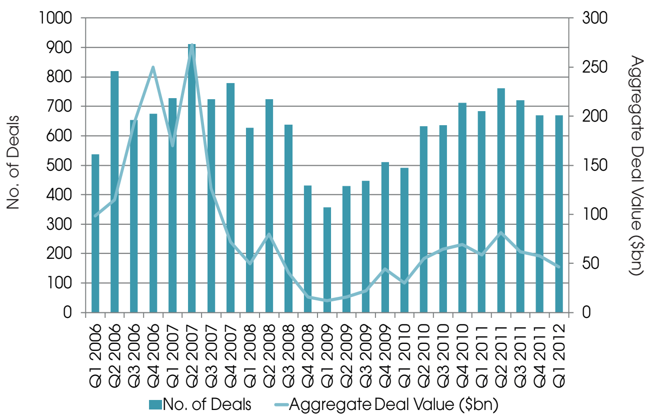
However, the number of deals taking place each quarter has remained relatively consistent, with the 669 deals announced in Q1 2012 comparable to the average of 663 deals per quarter seen during 2010-11, a clear indication of the growing prominence of smaller deals in recent quarters. With tough market conditions leading to small-sized deals constituting an ever-larger proportion of the global number of buyouts, and mega-value deals becoming scarcer, the global average value of buyout deals is now at its lowest point since the first quarter of 2010.

Broken down by region in Q1 2012, North America witnessed deals valued at $25.3bn, equating to a 17% decrease versus the $30.4bn recorded in Q4 2011, and an 18% drop on the quarterly average of $30.8bn throughout 2011. European deal values in Q1 2012 decreased to a low not seen since Q1 2010, with $12.7bn in deals during the quarter representing a near 50% drop in activity when compared to the quarterly average of $24bn throughout 2011, an indication of the continuing difficulties faced in the region. Aggregate deal value in Asia and Rest of World reached $11.4bn in Q4 2011, but has subsequently dropped back down to similar levels to Q3 2011 at $8.3bn.

In Q1 2012, 283 exits valued at an aggregate $46.4bn were announced, representing increases of 23% and 11% respectively on the number and value of exits in Q4 2011, when 230 exits valued at $41.8bn were announced. Interestingly, the number of exits in Q1 2012 was well above the average of 210 exits per quarter in the post-Lehman period, and is a number that has only been surpassed in two other post-Lehman quarters, an indication of elevated exit activity for smaller exits during the quarter. Despite the strong exit flow in terms of number of exits, aggregate exit value for the quarter is down 39% on the quarterly average of $76.2bn during 2011, and represents a 43% decrease in exit value when compared with the same quarter last year.

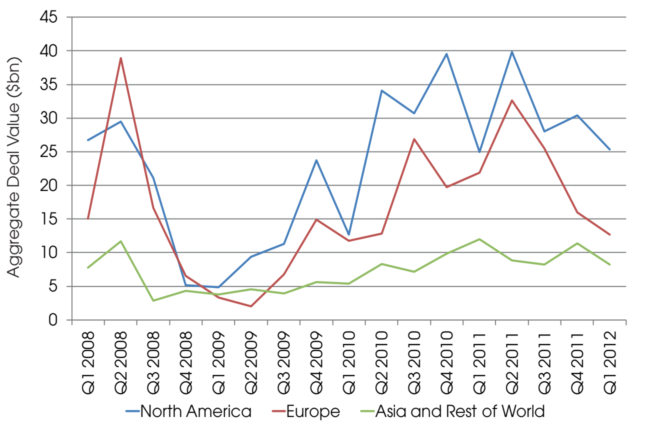
This decline in exit value, which began in mid-2011 due to market volatility in response to the growing European sovereign debt crisis, has persisted in 2012, with tightened credit conditions, turbulent public equity markets and continuing apprehension leading to a subdued exit environment.

Fig. 29: Quarterly Number and Aggregate Value of PE-Backed Buyout Deals, Q1 2006 - Q1 2012



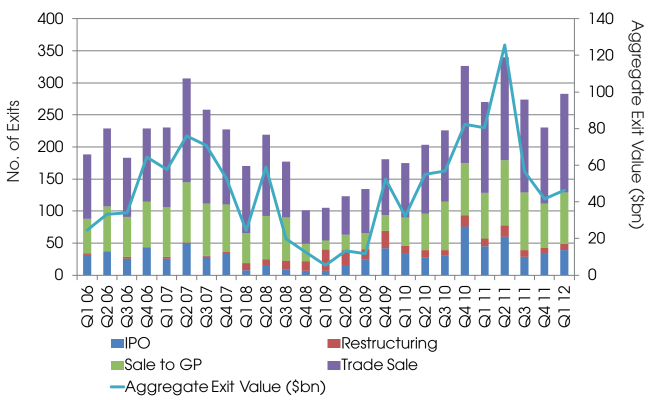
Source: Preqin Deals Analyst Online Service

Fig. 30: Quarterly Aggregate Deal Value by Region, Q1 2008 - Q1 2012



Source: Preqin Deals Analyst Online Service

Fig. 31: Quarterly Aggregate PE-Backed Exit Value and Number of Exits by Type, Q1 2006 - Q1 2012



Source: Preqin Deals Analyst Online Service

Deals by Type, Value and Industry

In Q1 2012, leveraged buyouts constituted the majority of deals globally in terms of both number and aggregate value. With 44% of all deals classed as LBOs, and 62% of the aggregate value, this type of investment has increased its share of aggregate deal value from the previous quarter.

Add-on deal activity remains at elevated levels globally, with 35% of all deals in Q1 2012 falling into this category, a similar proportion to Q4 2011, displaying the continued importance of this transaction type for fund managers in the current climate.

Public-to-private deals made up 17% of the aggregate deal value in Q1 2012, a fall from the previous quarter's figure of 28% and an indication that fund managers have been less attracted to purchasing large-cap companies from the public markets during this quarter. The proportion of aggregate deal value made up by growth capital deals increased to 13% this quarter from 7% in Q4 2011.

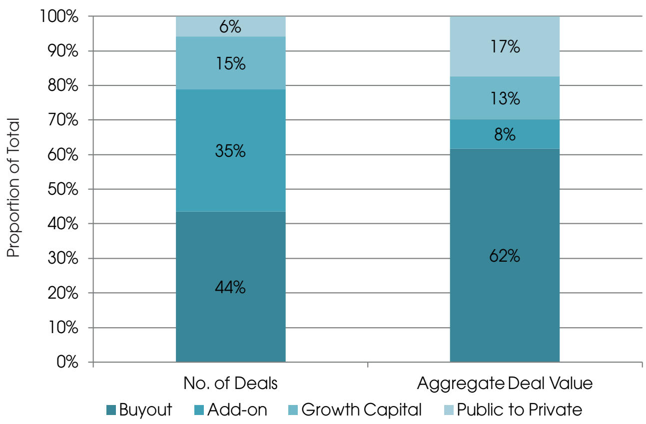
Sixty-two percent of deals in the first quarter of 2012 were valued at less than $100mn, a four percentage point increase in comparison to Q4 2011. Smaller deals have gained prominence in recent months with the re-emergence of market volatility in the latter half of 2011; the Q1 2012 proportion of deals in this group matches that seen post-crisis in 2009, and is significantly higher than the 49% of deals that were valued at less than $100mn in the boom era of 2006-7.

Interestingly, the proportion of deals valued at $250-499mn also increased slightly this quarter in comparison to Q4 2011, while the proportion of deals valued at $500-999mn halved to 12%. Deals valued at over $1bn contributed 52% of the aggregate deal value in Q1 2012, an increase from the proportion seen across 2011, when 47% of deal value was attributed to deals of this size.

In Q1 2012, like during previous quarter, the largest number of deals took place in the industrials sector, representing 23% of deals. The second most common area of investment was business services, followed by consumer and retail, information technology, and healthcare.

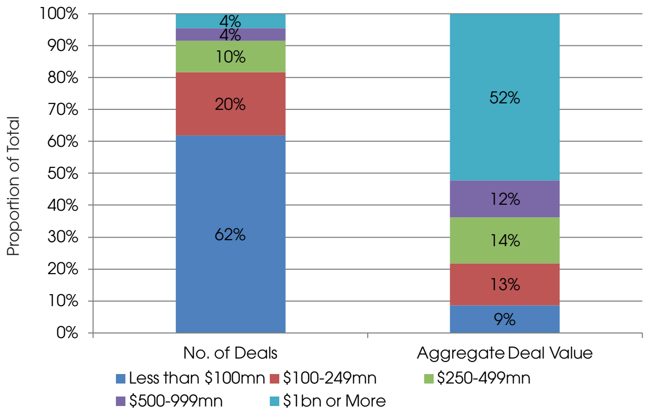
However, in comparison to Q4 2011, the allocation of funds between the industry sectors has changed, with industrials being surpassed by the energy sector in relation to the value of deals. Q1 2012 saw 26% of the aggregate value of buyouts invested in energy and utilities (versus 13% in the industrials sector), which can largely be attributed to the announcement of two large-sized energy deals: the $7.15bn announced acquisition of El Paso Corporation Oil and Natural Gas Exploration and Production Assets by Apollo Global Management, Riverstone Holdings, Access Industries and Korea National Oil Corporation in February 2012, and a $2bn growth capital investment in Cheniere Energy by Blackstone Group announced in the same month.

Fig. 32: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals by Type, Q1 2012



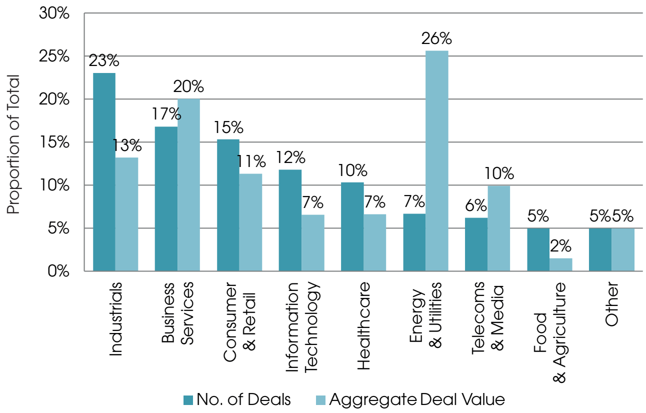
Source: Preqin Deals Analyst Online Service

Fig. 33: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals by Value Band, Q1 2012



Source: Preqin Deals Analyst Online Service

Fig. 34: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals by Industry, Q1 2012



Source: Preqin Deals Analyst Online Service

Largest Deals and Notable Exits

Fig. 35: 10 Largest Private Equity-Backed Buyout Deals in Q1 2012

Name	Date	Type	Deal Size (mn)	Buyers	Sellers	Industry	Location
El Paso Corporation Oil And Natural Gas Exploration And Production Assets	Feb-12	Buyout	7,150 USD	Access Industries, Apollo Global Management, Korea National Oil Corporation, Riverstone Holdings	El Paso Corporation	Oil & Gas	US
TransUnion	Feb-12	Buyout	3,000 USD	Advent International, Goldman Sachs Merchant Banking Division	Madison Dearborn Partners, The Pritzker Group	Financial Services	US
Reliance Infratel Limited	Feb-12	Buyout	150,000 INR	Blackstone Group, Carlyle Group	Reliance Communications Limited	Telecoms	India
Ahlsell	Feb-12	Buyout	1,800 EUR	CVC Capital Partners	Cinven, Goldman Sachs Merchant Banking Division	Distribution	Sweden
Cheniere Energy, Inc.	Feb-12	Growth Capital	2,000 USD	Blackstone Group	-	Oil & Gas	US
Quest Software Inc.	Mar-12	Public To Private	2,000 USD	Insight Venture Partners	-	Software	US
Misys plc	Mar-12	Public To Private	1,267 GBP	Vista Equity Partners	-	Software	UK
CPA Global	Jan-12	Buyout	950 GBP	Cinven	Intermediate Capital Group	Outsourcing	Jersey
Florida East Coast Industries Inc.	Jan-12	Buyout	1,200 USD	TPG	Fortress Investment Group	Property	US
Pep Boys	Jan-12	Public To Private	804 USD	Gores Group	-	Retail	US

Source: Preqin Deals Analyst Online Service

Fig. 36: Notable Private Equity-Backed Exits in Q1 2012

Firm	Investment Date (Entry)	Investors (Entry)	Deal Size (mn)	Exit Type	Exit Date	Acquirors (Exit)	Exit Value (mn)	Industry	Location
NDS Group Limited	Jun-08	News Corporation, Permira	2,461 EUR	Trade Sale	Mar-12	Cisco	5,000 USD	Media	UK
TransUnion	Apr-10	Madison Dearborn Partners	1,020 USD	Sale to GP	Feb-12	Advent International, Goldman Sachs Merchant Banking Division	3,000 USD	Financial Services	US
Ahlsell	Nov-05	Cinven, Goldman Sachs Merchant Banking Division	1,200 EUR	Sale to GP	Feb-12	CVC Capital Partners	1,800 EUR	Distribution	Sweden
Orange Austria	Jun-07	France Telecom, Mid Europa Partners	1,400 EUR	Trade Sale	Feb-12	Hutchison Whampoa	1,300 EUR	Telecoms	Austria
Ziggo	Jan-07	Casema, Cinven, Essent Kabelcom, Multikabel, Warburg Pincus	-	IPO	Mar-12	-	804 EUR	Telecoms	Netherlands

Source: Preqin Deals Analyst Online Service

Dry Powder

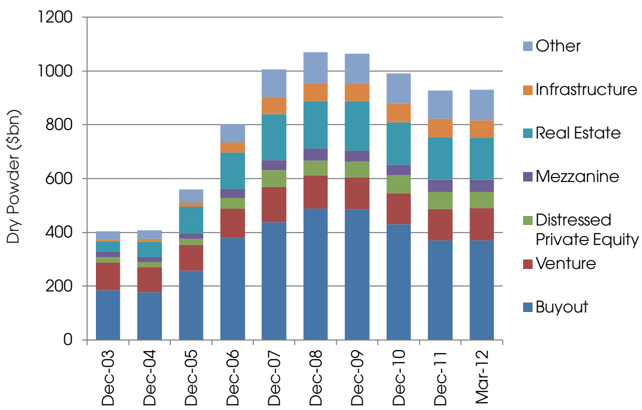
Increased deal activity and a slow fundraising environment resulted in a 6% decrease in dry powder across the industry during 2011. This continued a downward trend in dry powder levels across the whole private equity industry since the financial crisis of 2008.

Fig. 37 shows the amount of dry powder available across the whole private equity industry by fund type. The level of dry powder across the industry has decreased each year from December 2008 to December 2011, with buyout funds seeing a 24% decrease in dry powder during this time. However, distressed private equity and infrastructure funds have seen increases in available capital during this period of 17% and 6% respectively. Levels of dry powder as of March 2012 have decreased slightly across the whole industry from December 2011.

Fig. 38 shows the levels of dry powder split by the primary geographic focus of the funds. Between December 2009 and March 2012, dry powder available to funds with a primary focus on North America decreased by 19% and the figure for primarily Europe-focused funds also fell, by 12%. However, uncalled capital available to funds primarily focused on Asia and Rest of World saw an increase during the same period of almost 7%.

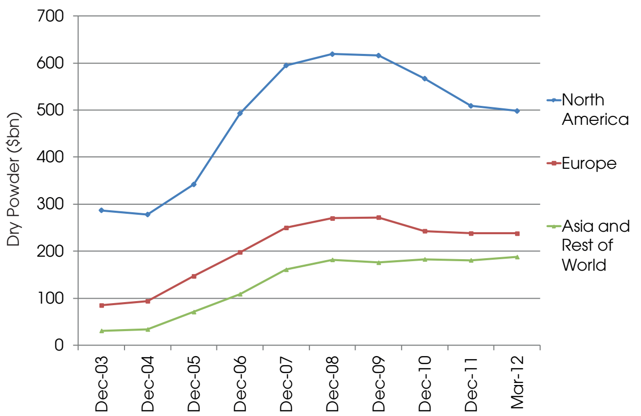
Fig. 39 shows both the amount of capital invested and the amount of uncalled capital available to buyout funds of vintage years 2005-2010. Within the next two years, most vintage 2007 and 2008 buyout funds will be approaching the ends of their investment periods as the median time for buyout funds to fully invest their capital is five years. As of March 2012, vintage 2007 buyout funds have $54bn available to invest and vintage 2008 funds have $80bn in dry powder available to deploy. Funds with earlier vintages are further along in their investment cycles and therefore have less capital available to invest, with $7bn available to vintage 2005 buyout funds and $17bn available to vintage 2006 funds.

Fig. 37: Private Equity Dry Powder by Fund Type, 2003 - March 2012



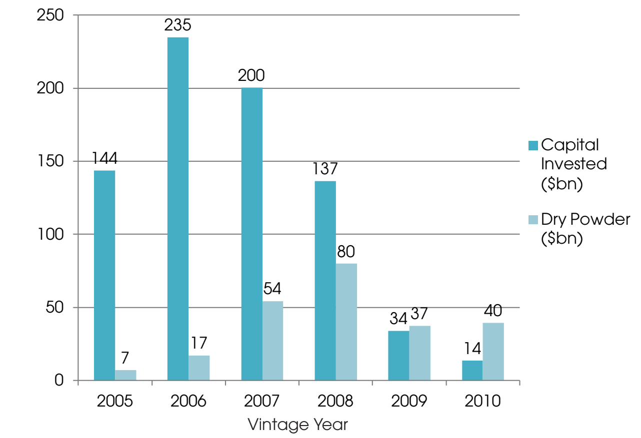
Source: Preqin Fund Manager Profiles Online Service

Fig. 38: Private Equity Dry Powder by Primary Geographic Focus, 2003 - March 2012



Source: Preqin Fund Manager Profiles Online Service

Fig. 39: Buyout Funds - Capital Invested and Dry Powder Remaining by Vintage Year as of March 2012



Source: Preqin Fund Manager Profiles Online Service

Performance

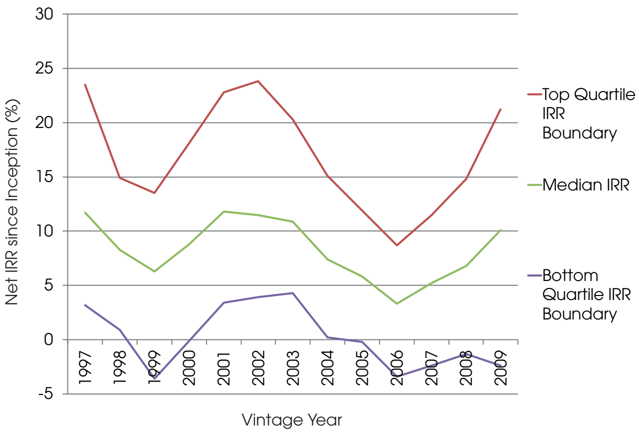
Preqin currently holds net-to-LP performance data for over 5,800 private equity funds, which represents approximately 70% of all capital ever raised by the industry in terms of aggregate value. By using data from Performance Analyst, Preqin has analyzed the most up-to-date fund returns generated by private equity partnerships in order to provide an independent and unbiased assessment of the private equity industry.

Fig. 40 shows the median net IRRs and quartile boundaries by vintage year for all private equity. The top quartile boundary is positive for all vintages within the sample, and vintage 2002 funds currently show the highest top quartile boundary, with an IRR of at least 23.8% required to be considered a top quartile vintage 2002 fund. The lowest top quartile boundary is seen for vintage 2006 funds at 8.7%. The bottom quartile IRR boundary is in negative territory for all vintages from 2005 onwards.

The median net IRRs by primary geographic focus and vintage year are shown in Fig. 41. The chart shows that funds with a primary geographic focus on Asia and Rest of World have the highest median net IRRs for all vintages from 2001 to 2008. Funds with a primary geographic focus on Europe are currently outperforming North America-focused funds for all vintages from 1999 to 2005, while North America-focused funds are showing higher median returns for more recent vintage years. However, these funds are still early in their fund lives and returns could change as fund managers seek to add value to their investments.

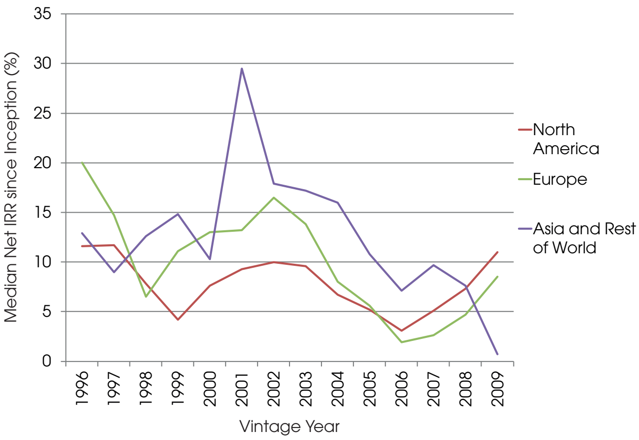
Fig. 42 shows the risk and return for each private equity fund strategy for funds of vintages 1999 to 2009. The levels of risk and return for each strategy are represented by the standard deviation of net IRRs and the median net IRRs respectively, with the size of each sphere representing the size of each strategy in terms of capital raised. The investment strategies generating the best performance are positioned to the right of the chart, and those with the highest risk are higher up the chart, so a fund strategy located towards the bottom right of the chart represents a better risk-return trade-off. The graphs shows that secondaries funds are showing the highest level of returns, with a median IRR of 15.8%, while early stage has the lowest returns of -1.5%. The riskiest strategy is growth, with a standard deviation of 22.9%. Making a direct comparison of the risk and returns between private equity strategies should be assessed with caution and the different characteristics of each investment strategy should be taken into account, as well as each strategy's contribution to an overall portfolio.

Fig. 40: All Private Equity - Median Net IRRs and Quartile Boundaries by Vintage Year



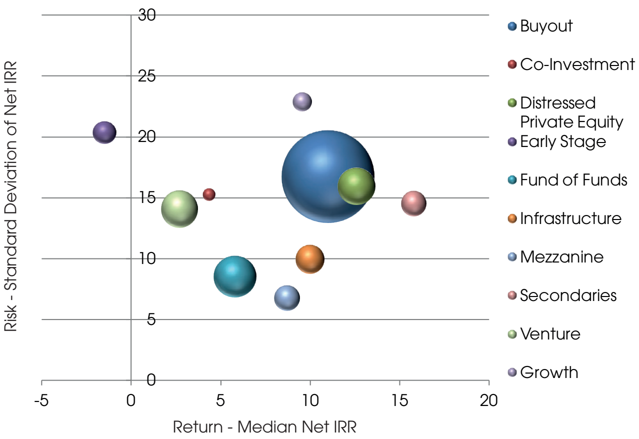
Source: Preqin Performance Analyst Online

Fig. 41: All Private Equity - Median Net IRRs by Geographic Focus and Vintage Year



Source: Preqin Performance Analyst Online

Fig. 42: Risk and Return by Fund Strategy, 1999 to 2009



Source: Preqin Performance Analyst Online

About Preqin

Preqin provides private equity information products and services to private equity firms, fund of funds, investors, placement agents, law firms, investment banks and advisors across the following main areas:

- Fund Performance
- Fundraising
- Investor Profiles
- Fund Terms
- Fund Manager Profiles
- Buyout Deals
- Employment and Compensation

Our customers can access this market intelligence in three different ways:

- Hard copy publications
- Online database services
- Tailored data downloads

Preqin regularly releases research and information on fundraising and all other aspects of the private equity industry as both research reports, and as part of our monthly Spotlight newsletter. To register to receive more research and analysis, please visit **www.preqin.com/spotlight**

If you have any comments on this report, please contact: **info@preqin.com**

If you want any further information, or would like to apply for a demo of our products please contact us:

New York:

One Grand Central Place
60 E 42nd Street
Suite 2544
New York
NY 10165

Tel: +1 212 350 0100
Fax: +1 440 445 9595

London:

Equitable House
47 King William Street
London,
EC4R 9AF

Tel: +44 (0)20 7645 8888
Fax: +44 (0)87 0330 5892

Singapore:

Asia Square Tower 1
#07-04
8 Marina View
Singapore 018960

Tel: +65 6407 1011
Fax: +65 6407 1001

Email: info@preqin.com
Web: www.preqin.com

Preqin Online Services

Order Form

preqin
alternative assets. intelligent data.

For more information on any of Preqin's online services, please visit: www.preqin.com

Name	Standard License	Order? (Please Tick)	Premium License	Order? (Please Tick)
Private Equity Online (All Five PE Services - includes 10% discount)	$9,150 / £5,600 / €6,590		$18,950 / £11,450 / €13,590	
Performance Analyst	$2,150 / £1,295 / €1,550		$4,295 / £2,595 / €3,075	
Funds in Market	$995 / £595 / €695		$1,895 / £1,095 / €1,295	
Fund Manager Profiles	$1,750 / £1,050 / €1,250		$4,400 / £2,650 / €3,175	
Investor Intelligence	$3,150 / £1,950 / €2,350		$6,295 / £3,750 / €4,450	
Deals Analyst	$1,950 / £1,150 / €1,375		$3,950 / £2,350 / €2,825	
Secondary Market Monitor	$1,950 / £1,150 / €1,375		$3,950 / £2,350 / €2,825	
Real Estate Online	$2,595 / £1,495 / €1,795		$4,950 / £2,950 / €3,550	
Real Estate Capital Source	$925 / £550 / €650		$1,750 / £1,025 / €1,225	
Infrastructure Online	$1,875 / £1,150 / €1,350		$4,950 / £2,950 / €3,550	
Hedge Fund Investor Profiles	$2,150 / £1,295 / €1,550		$4,250 / £2,595 / €3,050	

All prices correct at time of going to print. For current pricing, please see www.preqin.com

Completed Order Forms:

Post (address to Preqin):

One Grand Central Place
60 E 42nd Street
Suite 2544
New York, NY 10165

Equitable House
47 King William Street
London, EC4R 9AF

Asia Square Tower 1
#07-04
8 Marina View
Singapore 018960

Fax:
+1 440 445 9595
+44 (0)87 0330 5892

Email:
info@preqin.com

Telephone:
+1 212 350 0100
+44 (0)20 7645 8888
+65 6407 1011

Payment Details:

☐ Cheque enclosed (please make cheque payable to 'Preqin')

☐ Credit Card ☐ Amex ☐ Mastercard

☐ Visa ☐ Please invoice me

Card Number: ____________________

Name on Card: ____________________

Expiration Date: ____________________

Security Code: ____________________

American Express, four digit code printed on the front of the card.

Visa and Mastercard, last three digits printed on the signature strip.

Premium Licence Details:

Multi-User Names:

____

____

____

____

____

Multi-User Emails:

____

____

____

____

____

Term of subscription for online services is twelve months from the date of this Subscription Form, during which time Preqin Ltd. will supply the service as listed above, and the Customer will pay the subscription fee and comply with all other provisions of the Terms and Conditions listed on Preqin's website and also the Subscription Form, collectively the "Agreement". Upon completion of the initial and subsequent twelve month subscription periods, the subscription will be renewed for a further period of twelve months at the then current subscription price, unless terminated prior to renewal by the Client. Preqin undertakes to give the Client notification of each impending renewal at least 30 days prior to each renewal. This Subscription Form and the Terms and Conditions, comprise the entire Agreement between the Customer and Preqin Ltd.

I have read the terms and conditions and agree to abide by them: ☐

Signature: ____________________ Date: ____________________